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RUEHNE/AMEMBASSY NEW DELHI 0537  
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RUEKJCS/JOINT STAFF WASHDC  
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C O N F I D E N T I A L SECTION 01 OF 02 ASTANA 000286

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SUBJECT: KAZAKHSTAN: OPPOSITION LEADER KOZLOV SEES  
POLITICS BEHIND BTA TAKE-OVER

REF: A. (A) ASTANA 0250

[1](#)B. (B) ASTANA 0204

Classified By: Ambassador Richard E. Hoagland, 1.4 (b)/(d)

[1](#)1. (C) SUMMARY: In a February 4 meeting, Vladimir Kozlov, the head of unregistered opposition party Alga, claimed that ex-BTA bank chairman Mukhtar Ablyazov was ousted from his position for reasons not connected to the bank's financial health. As Kozlov put it, Ablyazov had either grown "too powerful," or President Nazarbayev's son-in-law Timur Kulibayev wanted to consolidate control over the bank. Kozlov alleged that the government broke a tacit agreement it had with Ablyazov -- namely, that the state would not interfere in his business activities if he steered clear of overt involvement in politics -- and asserted that Ablyazov is now free to go into "open opposition." Kozlov claimed that despite its lack of registration, Alga has been successfully building up its support in regional capitals and rural areas. He argued that Alga must become a strong political force before it is taken seriously by the international community. END SUMMARY.

ABLYAZOV WAS "TOO POWERFUL"

[1](#)2. (C) On February 4, we met in Almaty with Vladimir Kozlov, head of the unregistered opposition party Alga. The party is reportedly secretly backed by financier Mukhtar Ablyazov, who was recently ousted as chairman of BTA, Kazakhstan's largest bank, when the government took over a majority stake in it. (NOTE: Ablyazov's support for Alga is essentially an "open secret," but he has never publicly acknowledged that he is financing the party. END NOTE.) Kozlov told us that the government's takeover of BTA "was not entirely surprising, but its timing was baffling." Ablyazov expected such a move sometime in the future, said Kozlov, but the government's swiftness was a surprise.

[1](#)3. (C) Kozlov ventured two possible motivations behind the government's move. One was that Ablyazov "has grown too powerful" -- "he is a respected leader in the business community, and there was a danger that others (i.e., business

leaders) would follow him." The second explanation, according to Kozlov, is "simple raiding and consolidation" for the benefit of President Nazarbayev's son-in-law Timur Kulibayev, who remains a contender to one day succeed Nazarbayev. Kozlov maintained that a similar "raid" took place in 2001, when "then favored" son-in-law Rakhat Aliyev took over several banks. He dismissed outright the official explanation that the state had to step in because of BTA's financial vulnerability. "The bank was sound," Kozlov argued.

(NOTE: Political analyst Dosym Satpayev told the Ambassador on February 5 that while an "intra-elite struggle," won by Prime Minister Masimov and Samruk-Kazyna head Kairat Kelimbetov, was the main reason behind Ablyazov's ousting, BTA's financial vulnerability also played a significant role (ref A). On February 5, AmCham Board Member and Citigroup CEO Daniel Connelly told the Ambassador BTA was the most heavily indebted and possessor of the most toxic assets of all of Kazakhstan's banks. Further, he explained that the "rapid" take-over of BTA and Alliance had to be done before the devaluation of the tenge. END NOTE.)

#### BROKEN "GENTLEMEN'S AGREEMENT"

14. (C) Kozlov alleged that by removing Ablyazov, the government "broke a gentlemen's agreement" that existed between the financier and the government. The crux of the agreement, in Kozlov's words, was that Ablyazov would steer clear of overt involvement in politics while the state would not interfere with his bank. (NOTE: Ablyazov was at one point openly active in opposition circles, specifically in

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the Democratic Choice of Kazakhstan (DVK) movement, but after being convicted on corruption charges in 2002, he curtailed his political activities, reportedly in exchange for a pardon from President Nazarbayev. END NOTE.) Kozlov maintained that the government has now "untied Ablyazov's hands," allowing him to move into "open opposition." He hinted that Alga has several mass-media resources, including an independent printing press and a streaming-video website, which have been dormant until now and stand ready to come on-line "with the first order." He admitted, however, that battling against the sheer mass of the pro-government media in Kazakhstan would be a challenge.

#### WINNING HEARTS AND MINDS IN THE REGIONS...

15. (C) Kozlov does not foresee any major fallout from Ablyazov's removal for Alga itself. The organization is financially sound, he said. Alga is still awaiting official registration as a political party from the Ministry of Justice, but it has used the time to build up support in regional capitals and rural areas, Kozlov claimed. The organization has local representatives in every oblast (region), whose primary mission is to assist the residents in engaging local governments to resolve a wide range of problems -- everything from replacing fire hydrants to fixing potholes and street lighting. "By working with the people, and not in place of them," stressed Kozlov, "we gain followers and strengthen civic consciousness." He believes the strategy is working. According to Kozlov, Alga's local representatives have helped resolve over 125 cases in the past six months, and local residents are increasingly turning to Alga as a mediator.

#### ... AND IN THE INTERNATIONAL COMMUNITY

16. (C) Kozlov said he does not agree with "some in the opposition circles" who lament the "inaction" of Western countries and "blame the West" for failing to bring democracy to Kazakhstan. "I have a grip on reality," he quipped. Alga must become a serious political contender, explained Kozlov, before it can hope to be taken seriously by the international community. Until then, "party slogans are just simple words," he argued.

17. (SBU) NOTE: Presidential advisor -- and former Minister of Culture and Information -- Yermukhamet Yertsybayev, who has a reputation for speaking frankly, told the press on February 10 that "no political motive" was behind BTA's takeover and Ablyazov's ousting. "The only motive behind the nationalization was the protection of BTA's clients from losing their savings," he claimed. However, he somewhat ominously added that "bankers and oligarchs should stay away from politics. Russian oligarchs learned that lesson long ago.... Unfortunately, some of our businessmen still don't get that." END NOTE.

18. (SBU) COMMENT: We don't doubt there was a political element in ousting Ablyazov as BTA chairman, just as we don't doubt other politico-oligarchs will profit. However, most financial experts believe the government taking over BTA was a necessary step in Kazakhstan's relatively responsible response to the global financial crisis. END COMMENT.  
HOAGLAND